

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 735 - SB 665**

March 18, 2017

**SUMMARY OF BILL:** Requires the Comptroller of the Treasury (COT) to conduct an audit of all entities receiving proceeds from the Hamilton County hotel/motel occupancy tax. Requires all costs associated with the audit to be paid by the entity audited and from the proceeds of the Hamilton County hotel/motel occupancy tax.

**ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumptions:

- Pursuant to *Public Chapter 905 of 1980*, Hamilton County is authorized to levy a hotel/motel occupancy tax up to three percent to provide \$3,000,000 of supplemental funding for the construction of a sports arena facility and additional funds raised to be utilized for promotion of tourism at the discretion of the county legislative body.
- According to the requirements of Public Chapter 905, such funds may only be utilized for either tourism or the payment of funds for construction of the sports arena; therefore, any entity receiving funds from the Hamilton County hotel/motel occupancy tax would not be authorized to use such funds for costs associated with an audit conducted by the COT.
- The Hamilton County Board of Commissioners passed Resolution No. 207-27 on February 21, 2007, which provides "all future receipts, net the Trustee's commission, to the Chattanooga Area Convention and Visitor's Bureau (CVB)".
- According to Hamilton County's *Comprehensive Annual Finance Report of 2016*, all proceeds from the hotel/motel tax are deposited into the Hotel/Motel Tax Fund, which has a balance of \$7,304,030.
- All proceeds from the Hotel/Motel Tax Fund are appropriated directly to the CVB, minus the Trustee's two percent commission annually.
- The proposed language would require the COT to audit the CVB, as the direct recipient of all proceeds of the Hamilton County hotel/motel occupancy tax.
- According to the COT, the cost per audit hour will be billed to the entity being audited at a rate of \$45 per hour. All costs associated with performing the audit will be billed to the CVB; therefore there will be no increase in state or local government expenditures.

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**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jrh